

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

)	Chapter 11
In re:)	
)	Case No. 19-40883
PAYLESS HOLDINGS)	
LLC, <i>et al.</i> ,)	JOINTLY ADMINISTERED
)	
Debtors.)	HEARING DATE AND TIME:
)	
)	OBJECTION DEADLINE:
)	
)	HEARING LOCATION
)	Courtroom 7 North

**MOTION OF LIBERTY MUTUAL INSURANCE COMPANY AND SAFECO
INSURANCE COMPANY OF AMERICA TO LIFT THE AUTOMATIC STAY
PURSUANT TO 11 U.S.C. § 362(A)**

Liberty Mutual Insurance Company (“Liberty”) and Safeco Insurance Company (“Safeco”), collectively referred to as the Sureties, through their undersigned counsel, move pursuant to 11 U.S.C. § 362, for an order granting Sureties relief from the automatic stay to allow the Sureties to terminate and cancel certain surety bonds issued on behalf of Payless ShoeSource Wholesale, Inc. and certain of its affiliates (collectively, the “Debtors”), and for adequate protection; Liberty and Safeco accordingly object to Debtors’ *Motion Seeking Entry Of Interim And Final Orders (I) Authorizing The Debtors To Continue And Renew The Surety Bond Program, Etc And (II) Granting Related Relief* (Dkt # 21) (the “Surety Credit Motion”) and in support hereof, the Sureties state as follows:

Summary of Relief Sought

The Debtor companies are now proceeding with liquidation. In Payless I, the Sureties accepted the terms of the surety credit order that allowed them the use of collateral and the extension of surety credit in the ordinary course of business. With the liquidation of the assets of the companies, the Debtors have no need for post-petition surety credit. The Debtors in the Surety Credit Motion, while purporting to offer protection under § 364 of the Code for the sureties' post-petition extension of credit in the surety credit motion, fail to provide for any lien or collateral that would offer that protection for the extension of surety credit post-petition. The surety bonds are financial accommodations that cannot be assumed. Accordingly, the Sureties request the Court lift the automatic stay to enable the Sureties to terminate or cancel the bonds as promptly as possible by their terms or the regulation, statute or ordinance governing the cancellation of the surety bonds.

Liberty and Safeco Adopt the Legal Argument and Points and Authority Set forth in the Federal and Westchester Motion in Support of the Relief Sought in this Motion

In presenting this Motion, the Sureties adopt the legal argument and authority cited by Westchester Fire Insurance Company and Federal Insurance Company in their *Joint Motion if Westchester Fire Insurance Company and Federal Insurance Company for Relief from the Automatic Stay to Cancel Surety Bonds and for Adequate Protection Pursuant to 11 U.S.C. § 362*. (Dkt. # 290). As set forth in their Motion, and based upon the authorities cited therein, surety bonds are financial accommodations, are not property of the estate, cannot be assumed, and accordingly, cause exists to lift the automatic stay to permit the cancellation of the bonds. *See In re Wegner Farms Co.*, 49 B.R. 440 (Bankr. Iowa 1985) (requiring relief from stay to cancel surety bond); *Matter of Edwards Mobile Home Sales, Inc.*, 119 B.R. 857 (Bankr. M.D. Fla. 1990).

The Safeco and Liberty Surety Bonds

Liberty and Safeco collectively issued on behalf of the Debtors a total of approximately 80 bonds, intended to secure Debtors' obligations to pay various obligations relating to (a) customs and excise tax obligations; (b) utilities; (c) sales and use tax obligations; and (d) workers compensation claims. The burden of paying accrued post-petition Customs duties and penalties should not be imposed on the sureties nor should the sureties' payments unjustly enrich parties holding security interests in the imported inventory. Likewise, the risk of non-payment of utility bills should not be imposed upon the Sureties to the benefit of other creditors. A list of the open surety bonds is **Exhibit A** to this Motion.

Surety bonds are three-party contractual obligations, naming the applicable Debtor as the primary obligor, and the Sureties as secondary obligors, and securing the Debtor's performance of the contractual obligation in favor of an obligee, in this case the obligations include the payment of pre and post-petition taxes, duties, utility charges or workers compensation payments. Restatement of the Law Third, Suretyship & Guaranty, § 1 (1996). A bond sets forth the continued and ongoing obligation of the Debtors to meet these underlying obligations, and the Surety's secondary liability. Failure of the Debtors to meet the obligations secured by the bonds will result in losses to the Sureties post-petition. The bonds are on their face financial accommodations, guaranties of the Debtors' obligations, that are executory, as evidenced by the need for these bonds as described in the Surety Motion and the fact that the Debtors' failure to perform post-petition can cause liability to the Sureties. *In re Sun Runner Marine, Inc.*, 945 F.2d 1089 (9th Cir. 1991); *Matter of Edwards Mobile Home Sales, Inc.*, 119 B.R. 857 (Bankr. M.D. Fla. 1990); *In re Wegner Farms Co.*, 49 B.R. 440 (Bankr. Iowa 1985); *In re Adana Mort. Bankers, Inc.*, 12 B.R. 977 (N.D.Ga. 1980). Assumption of the bonds is plainly prohibited by 11 U.S.C. § 365(c)(2).

The Indemnity Agreement

These bonds were issued in reliance upon the execution of an Indemnity Agreement.

Exhibit B. The sureties have contractual rights under the Indemnity Agreement, including the right to withdraw from future liability and the right to decline to execute any bond. In addition to the obligation to indemnify the surety, the Indemnity Agreement require the Debtors to post sufficient collateral to protect the Sureties.

Claims and Collateral

The Sureties received claims against some of the bonds during the Payless I proceeding. The Sureties currently hold collateral in the amount of \$2.5 million. Because of the liquidation of the Debtor companies and the exposure on the outstanding bonds, the collateral is insufficient to secure Safeco and Liberty from losses.

Requested Relief

WHEREFORE, the Sureties respectfully request that the Court enter an order: (1) granting the Sureties relief from the automatic stay to cancel the Bonds; (2) providing the Sureties with adequate protection by requiring the Debtors to provide additional cash or a letter of credit to the Sureties as necessary to cover the actual exposure of the Sureties on all Bonds and (3) such other relief as is appropriate.

Dated: March 13, 2019

Respectfully submitted,

The Law Offices of T. Scott Leo, PC

/s/ T. Scott Leo_____

T. Scott Leo (admitted *pro hac vice*)

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and Safeco Insurance Company of America*

EXHIBIT A

List of Liberty and Safeco Bonds from 2016 Until March 2019

Bond #	Principal	Obligee	Description	Surety Paper	Contract / Bond Amount
39S008702	PAYLESS SHOESOURCE INCORPORATED STORE 5446	SUMTER ELECTRIC COOPERATIVE INCORPORATED	UTILITY BONDACCOUNT 8011963800	Safeco Insurance Company of An	1,215
39S001576	PAYLESS SHOESOURCE INCORPORATED STORE 3658	STARKVILLE ELECTRIC DEPARTMENT	UTILITY PAYMENT BOND	Safeco Insurance Company of An	650
39S001688	PAYLESS SHOESOURCE INCORPORATED	UTILITY BD OF THE CITY OF KEY WEST	UTILITY PAYMENT BOND	Safeco Insurance Company of An	959
39S004759	PAYLESS SHOESOURCE INCORPORATED	Entergy Arkansas Inc	UTILITY BOND-VARIOUS LOCATIONSACCOUNT NO. 1484815	Safeco Insurance Company of An	6,200
39S002610	PAYLESS SHOESOURCE INCORPORATED	ENTERGY MISSISSIPPI INCORPORATED	UTILITY BONDPAYLESS AND PARADE OF SHOES STORES LOCATED IN THIS TERRITORY	Safeco Insurance Company of An	25,000
674208146	Payless ShoeSource, Inc.	Entergy Louisiana LLC	Utility Bond - Various Locations	Liberty Mutual Insurance Compar	20,210
674208143	Payless ShoeSource, Inc.	Arizona Public Service Company	Electric service bond for "attached schedule A"	Liberty Mutual Insurance Compar	25,790
674208139	Payless ShoeSource, Inc.	Atlantic City Electric (ACE)	Utility bond per attached schedule	Liberty Mutual Insurance Compar	7,385
39S001815	PAYLESS SHOESOURCE INCORPORATED	NO. LITTLE ROCK UTILITIES	UTILITY PAYMENT BONDSTORE #3843 AT MCCAIN MALL, 392 MCCAIN, SPACE I-5	Safeco Insurance Company of An	1,700
39S003936	PAYLESS SHOESOURCE INCORPORATED	CITY OF TALLAHASSEE FLORIDA	UTILITY BOND	Safeco Insurance Company of An	4,500
39S001575	PAYLESS SHOESOURCE INC./PARADE OF SHOES	CONSOLIDATED EDISON COMPANY OF NEW YORK	UTILITY PAYMENT BOND-VARIOUS LOCATIONS	Safeco Insurance Company of An	91,437
39S003952	PAYLESS SHOESOURCE INCORPORATED STORE 868	WEST MEMPHIS UTILITY COMMISSION	UTILITY BOND	Safeco Insurance Company of An	1,000
39S001630	PAYLESS SHOESOURCE INCORPORATED	MURFREESBORO ELECTRIC DEPARTMENT	UTILITY PAYMENT BOND	Safeco Insurance Company of An	1,000
674207736	Payless ShoeSource, Inc.	Constellation NewEnergy, Inc.	Utility Bond - see attached schedule	Liberty Mutual Insurance Compar	65,000
39S016037	PAYLESS SHOESOURCE INCORPORATED	GULF POWER COMPANY	UTILITY BOND- ALL PAYLESS SHOESOURCE ACCOUNTS AT GULF POWER	Safeco Insurance Company of An	11,230
39S211421	PAYLESS SHOESOURCE INCORPORATED	SOUTHERN CALIFORNIA EDISON COMPANY	UTILITY BOND FOR VARIOUS LOCATIONS - SEE LIST	Liberty Mutual Insurance Compar	172,900
39S001865	PAYLESS SHOESOURCE INCORPORATED	WITHLACOCHE POWER COOPERATIVE	UTILITY BOND - LOCATION: STORE #5472-5335 COMMERCIAL WAY,SPACE 705, SPRING HILL, FL 34606.	Safeco Insurance Company of An	3,000
674027097	PAYLESS SHOESOURCE OF PUERO RICO, INC.	COMMONWEALTH OF PUERTO RICO, INC.	Tax Bond	Liberty Mutual Insurance Compar	100,000
39S003911	PAYLESS SHOESOURCE INCORPORATED	STATE OF NEVADA DEPARTMENT OF TAXATION	SURETY BOND POSTED TO SECURE PERFORMANCE UNDER TITLE 32	Safeco Insurance Company of An	80,807
39S003921	PAYLESS SHOESOURCE INCORPORATED STORE 3018	SANTEE COOPER	UTILITY BONDACCOUNT #252308601	Safeco Insurance Company of An	2,000
674207660	Payless ShoeSource, Inc.	Eversource	Utility bond per the attached spreadsheet	Liberty Mutual Insurance Compar	21,565
39S202798	PAYLESS SHOESOURCE WORLDWIDE, INC.	UNITED STATES VIRGIN ISLANDS	BOND FOR RELEASE OF MERCHANDISE PRIOR TO PAYMENT OF U.S. VIRGIN ISLANDS EXCISE TAXES - Principal Address: 3231 S.E. Sixth Av	Liberty Mutual Insurance Compar	100,000
674207633	Payless ShoeSource, Inc.	Eversource	Utility deposit bond per attached schedule A	Liberty Mutual Insurance Compar	4,860
674209767	Payless ShoeSource, Inc.	Reliant Energy Retail Services, LLC	Utility bond for locations per the attached schedule	Liberty Mutual Insurance Compar	175,000
674207597	Payless ShoeSource, Inc.	DUKE ENERGY	Utility service for locations per the attached spreadsheet	Liberty Mutual Insurance Compar	14,168
674207596	Payless ShoeSource, Inc.	Duke Energy Carolinas LLC	Utility service for locations per the attached spreadsheet	Liberty Mutual Insurance Compar	12,335
674207333	Payless ShoeSource, Inc.	Duke Energy Ohio	Utility services per the attached spreadsheet	Liberty Mutual Insurance Compar	8,600
674207332	Payless ShoeSource, Inc.	Duke Energy Kentucky, Inc.	Utility services per the attached spreadsheet	Liberty Mutual Insurance Compar	1,951
674207331	Payless ShoeSource, Inc.	Duke Energy Indiana, LLC	Utility bond for services per attached spreadsheet	Liberty Mutual Insurance Compar	9,145
39S004771	PAYLESS SHOESOURCE INCORPORATED STORE 229	CITY OF BARTOW	UTILITY BOND	Safeco Insurance Company of An	1,200
39S002388	PAYLESS SHOESOURCE INCORPORATED STORE 1004	CLARKSVILLE DEPARTMENT OF ELECTRICITY	UTILITY BONDACCOUNT 34014000	Safeco Insurance Company of An	1,179
39S212490	Payless ShoeSource, Inc.	Virginia Electric and Power Company, dba Dominion Virginia Power	Electric Service at various locations - see attachment for location list with account numbers	Liberty Mutual Insurance Compar	26,554
674209622	Payless ShoeSource, Inc.	Benton Utilities	Utility bond per the attached schedule	Liberty Mutual Insurance Compar	1,500
39S003897	PAYLESS SHOESOURCE INCORPORATED	FLORIDA POWER & LIGHT COMPANY	UTILITY BOND-SCHEDULE OF STORES MASTER ACCOUNT NO: 50248-56725	Safeco Insurance Company of An	253,740
39S004758	PAYLESS SHOESOURCE INCORPORATED STORE 1680	TRI STATE ELECTRIC MEMBERSHIP CORPORATION	UTILITY BOND	Safeco Insurance Company of An	1,500
39S001867	PAYLESS SHOESOURCE INCORPORATED	CITY OF VERO BEACH	UTILITY BOND - STORE #5459 - 5960 20TH ST., VERO BEACH, FL32966	Safeco Insurance Company of An	1,500
39S001361	PAYLESS SHOESOURCE INCORPORATED	NEW SMYRNA BEACH UTILITIES COMMISSION	UTILITY SERVICE BONDPRINCIPAL.ADDR: 611 OLIVE, ST. LOUIS, MO 63101	Safeco Insurance Company of An	2,000
674207263	Payless ShoeSource, Inc.	American Electric Power Company	Utility Deposit bond, see exhibit A for locations covered	Liberty Mutual Insurance Compar	51,280
674209608	Payless ShoeSource, Inc.	Orange and Rockland Utilities	Utility Services per the attached schedule	Liberty Mutual Insurance Compar	3,850
39S010140	PAYLESS SHOESOURCE INCORPORATED	ORLANDO UTILITIES COMMISSION COMMERCIAL SERVICES	UTILITY BOND-3 STORE LOCATIONS IN ORLANDO, FL #5261, #3284,#4025	Safeco Insurance Company of An	20,280
39S004740	PAYLESS SHOESOURCE INCORPORATED STORE 6327RL	GROTON UTILITIES	UTILITY BONDACCOUNT 31446	Safeco Insurance Company of An	3,000
674207259	Payless ShoeSource, Inc.	Alabama Power Company	Electric Service and/or Steam Heat for Store #201786	Liberty Mutual Insurance Compar	2,970
39S010136	PAYLESS SHOESOURCE INCORPORATED STORE 112	CARROLL ELECTRIC COOPERATIVE CORPORATION	UTILITY BOND	Safeco Insurance Company of An	2,700
39S004731	PAYLESS SHOESOURCE INCORPORATED STORE 1241	COAST ELECTRIC POWER ASSOCIATION	UTILITY BOND	Safeco Insurance Company of An	1,750
674207241	Payless ShoeSource, Inc.	Central Maine Power Company	Utility bond per attached Schedule A	Liberty Mutual Insurance Compar	8,773
39S001257	PAYLESS SHOE SOURCE 2023	CITY OF BRENHAM	UTILITY BOND	Safeco Insurance Company of An	500
674209585	PAYLESS SHOESOURCE INCORPORATED	Entergy New Orleans LLC	Utility bond - Various Locations	Liberty Mutual Insurance Compar	2,550
674207236	Payless ShoeSource, Inc.	New York State Electric and Gas	Utility Services per attached schedule	Liberty Mutual Insurance Compar	5,885
39S003755	PAYLESS SHOESOURCE INCORPORATED STORE 3828	Northcentral Electric Power Association	UTILITY BOND-FOR ELECTRIC SERVICE, ACCOUNT NO:0080053-2	Safeco Insurance Company of An	1,000
674207234	Payless ShoeSource, Inc.	Orlando Utilities Commission	Utility bond for service at location: 2764 E Colonial Drive, Orlando, FL 32803	Liberty Mutual Insurance Compar	3,200
39S001853	PAYLESS SHOESOURCE INCORPORATED	THE CITY OF ROCK HILL YORK COUNTY SOUTH CAROLINA	UTILITY PAYMENT GUARANTEE BOND	Safeco Insurance Company of An	500
39S007095	PAYLESS SHOESOURCE INCORPORATED STORE 1875	CITY OF DALTON DALTON UTILITIES	UTILITY BOND	Safeco Insurance Company of An	1,000
39S001850	PAYLESS SHOESOURCE INCORPORATED	NORWICH PUBLIC UTILITIES	UTILITY PAYMENT BOND - LOCATION: STORE #4384 - MARCUS PLAZA,624 W. MAIN ST., NORWICH, CT 06360-6043	Safeco Insurance Company of An	2,200
674028029	Payless ShoeSource, Inc.	MEMPHIS LIGHT, GAS AND WATER DISTRICT	Utility Service bond for locations listed on Schedule A, attached to bond	Liberty Mutual Insurance Compar	18,855
39S001831	PAYLESS SHOESOURCE INCORPORATED STORE 143	CITY OF STILLWATER	UTILITY BOND	Safeco Insurance Company of An	1,700
39S001827	PAYLESS SHOESOURCE INCORPORATED STORE 4418	CITY OF FLORENCE UTILITIES	UTILITY BONDACCT #015-014148	Safeco Insurance Company of An	1,000
674208756	PAYLESS SHOESOURCE INCORPORATED	PECO	Utility bond - locations per attached list	Liberty Mutual Insurance Compar	8,820
674028012	Payless ShoeSource, Inc.	The Connecticut Light and Power Company	Utility bond - per schedule A attached to the bond	Liberty Mutual Insurance Compar	17,968
39S001873	PAYLESS SHOESOURCE INCORPORATED	KANSAS DEPT. OF HUMAN RESOURCES DIV. OF WORKERS COMP.	SELF-INSURANCE AGGREGATE SURETY BOND	Safeco Insurance Company of An	762,000
674028004	Payless ShoeSource, Inc.	City of Calhoun	UTILITY PAYMENT BOND LOCATION: 102 W.C. BRYANT PKWY, CALHOUN, GA 30701	Liberty Mutual Insurance Compar	1,700
674027834	Payless ShoeSource, Inc.	JEA Building Community	Utility bond for Electric and/or Water Service - Blanket bond for all Accounts	Liberty Mutual Insurance Compar	12,320
674027831	Payless ShoeSource, Inc.	Potomac Electric Power Company	Utility Bond - Electric for Accounts: 50011209488,50011600538, 50010842610, 50010842651, 50010881246, 50010880875 and 50010881204	Liberty Mutual Insurance Compar	17,895
674027829	Payless ShoeSource, Inc.	South Carolina Electric and Gas Company	Utility Service per attached schedule A	Liberty Mutual Insurance Compar	11,305
674027628	Payless ShoeSource, Inc.	Pearl River Valley Electric Power Association	Utility Bond - account # 182482-0001, Store #5523	Liberty Mutual Insurance Compar	1,000
674015740	Payless ShoeSource, Inc.	HYDRO OTTAWA LIMITED	Canadian Utility Bond	Liberty Mutual Insurance Compar	6,212
674027819	Payless ShoeSource, Inc.	Salt River Project Agricultural Improvement and Power District	Utility Service for various locations, see attachment A.	Liberty Mutual Insurance Compar	34,000
39S004669	PAYLESS SHOESOURCE INCORPORATED STORE 347 & STORE 5446	CITY OF LEESBURG FL	UTILITY BOND-ACCT.	Safeco Insurance Company of An	1,700
674027810	Payless ShoeSource, Inc.	Alcorn County Electric Power Associaton	Utility Bond for 2013 Highway 72E Space E East, Town Shopping Center Corinth, MS 38834 - Account: 201112-0024214	Liberty Mutual Insurance Compar	1,475
39S001914	PAYLESS SHOESOURCE INCORPORATED STORE 1291	CLAY ELECTRIC COOPERATIVE INC	UTILITY	Safeco Insurance Company of An	1,300
39S007029	PAYLESS SHOESOURCE INCORPORATED STORE 0312 0485 & 5244	THE ELECTRIC POWER BOARD OF CHATTANOOGA TENNESSEE	UTILITY BOND-STORE #2131-2115 E. 3RD ST, STORE #485-216NORTHGATE MALL, STORE #5244-2124 GUNBARREL ROAD	Safeco Insurance Company of An	6,800
39S003655	PAYLESS SHOESOURCE INCORPORATED STORE 2106	SEVIER COUNTY ELECTRIC SYSTEM	UTILITY BONDACCOUNT# 28795-02	Safeco Insurance Company of An	2,000
39S004654	PAYLESS SHOESOURCE INCORPORATED	TAMPA ELECTRIC COMPANY CREDIT DEPARTMENT	UTILITY BOND- SEVERAL LOCATIONS	Safeco Insurance Company of An	39,000
674027518	Payless ShoeSource, Inc.	GreyStone Power Corporation	UTILITY BOND- Site 20476, Account # 314439003 and Site 205792, Account #314439004	Liberty Mutual Insurance Compar	3,500

39S004644	PAYLESS SHOESOURCE INCORPORATED STORE 238	COLUMBUS LIGHT & WATER	UTILITY BOND	Safeco Insurance Company of An	1,600
674208212	Payless ShoeSource, Inc.	Georgia Power Company	Utility deposit bond for the attached locations	Liberty Mutual Insurance Compar	43,595
39S006537	PAYLESS SHOESOURCE INCORPORATED STORE 4275	VIRGIN ISLAND WATER & POWER AUTHORITY	UTILITY BONDACCOUNT# 4889946706	Liberty Mutual Insurance Compar	21,451
39S004012	PAYLESS SHOESOURCE INCORPORATED STORE 1204	TUPELO WATER & LIGHT COMPANY	UTILITY BOND	Safeco Insurance Company of An	2,000
39S002609	PAYLESS SHOESOURCE INCORPORATED	ENTERGY LOUISIANA INCORPORATED	UTILITY BONDPAYLESS AND PARADE OF SHOES STORES LOCATED IN THIS TERRITORY	Safeco Insurance Company of An	22,500
39S003957	PAYLESS SHOESOURCE INCORPORATED STORE 213	GREENWOOD UTILITIES	UTILITY BOND - ACCOUNT 22-794-01	Safeco Insurance Company of An	700
39S001629	PAYLESS SHOESOURCE OF P.R.	PUERTO RICO ELECTRIC POWER AUTHORITY	ELECTRIC SERVICE UTILITY PAYMENT BOND	Liberty Mutual Insurance Compar	183,331
674027104	Payless Shoe Source, Payless Shoes	Duke Energy Indiana, LLC	Utility Deposit Bond for various Payless Shoes located in Indiana	Liberty Mutual Insurance Compar	12,045
674027103	Payless Shoe Source, Payless Shoes	Duke Energy Carolinas LLC	Utility Deposit bond for various North Carolina Locations	Liberty Mutual Insurance Compar	14,975
674027102	Payless Shoe Source, Payless Shoes	Duke Energy Kentucky, Inc.	UTILITY DEPOSIT BOND FOR PAYLESS LOCATIONS: 4989 HOUSTON RD., FLORENCE, KY, ACCT# 40800842-21 AND 3453 VALLEY PLAZA PKY	Liberty Mutual Insurance Compar	1,785
674015737	Payless ShoeSource Canada LP	CANADA BORDER SERVICES AGENCY	Canadian Customs bond for release of goods prior to payment of duties.	Liberty Mutual Insurance Compar	1,260,895
674027096	Payless ShoeSource, Inc.	COMMONWEALTH OF PUERTO RICO, INC.	Tax Bond	Liberty Mutual Insurance Compar	10,000
39S001304	PAYLESS SHOESOURCE INCORPORATED	JACKSONVILLE ELECTRIC AUTHORITY	UTILITY PAYMENT BOND.STORE #2415, #795, #938, #1286 & #1298.	Safeco Insurance Company of An	12,320
39S001303	PAYLESS SHOESOURCE	CITY OF CALHOUN GA	UTILITY PAYMENT BOND LOCATION: 102 W.C. BRYANT PKWY, CALHOUN, GA 30701	Safeco Insurance Company of An	1,700
39S001830	PAYLESS SHOESOURCE INCORPORATED STORE 4469	DICKSON ELECTRIC SYSTEM	UTILITY BONDACCT #64-4340-1	Safeco Insurance Company of An	1,600
39S001829	PAYLESS SHOESOURCE INCORPORATED STORE 741	NORTH GEORGIA ELECTRIC MEMBERSHIP COOPERATIVE	UTILITY SERVICE GUARANTY BOND	Safeco Insurance Company of An	600
39S001828	PAYLESS SHOESOURCE INCORPORATED STORE 341	SOUTHWEST MISSISSIPPI ELECTRIC POWER ASSOCIATION	BOND FOR PAYMENT OF UTILITY BILLS	Safeco Insurance Company of An	600
39S001302	PAYLESS SHOESOURCE INCORPORATED	PROGRESS ENERGY FLORIDA	UTILITY BOND	Safeco Insurance Company of An	46,935
39S005709	PAYLESS SHOESOURCE INCORPORATED	PROGRESS ENERGY	UTILITY BOND	Safeco Insurance Company of An	23,714
39S007037	PAYLESS SHOESOURCE INCORPORATED STORE 949	THE UTILITIES BOARD OF THE CITY OF FOLEY ALABAMA DBA	UTILITY SERVICE BOND	Safeco Insurance Company of An	2,000
39S005692	PAYLESS SHOESOURCE INCORPORATED STORE 0328RL	ALCORN COUNTY ELECTRIC	UTILITY BOND - Services at 1909 S. Tate Street	Safeco Insurance Company of An	1,500
39S000876	PAYLESS SHOESOURCE INCORPORATED	Brownsville Public Utilities Board	Utility Bond - Accounts 269329, 200314, 200293, 219310 and 539147 - Stores #2140, #3502, #3753, #5579 and #0089	Safeco Insurance Company of An	6,790
39S002151	PAYLESS SHOESOURCE INCORPORATED STORE 5614	NORTHERN INDIANA PUBLIC SERVICE COMPANY	UTILITY BOND	Safeco Insurance Company of An	1,635
39S002612	PAYLESS SHOESOURCE INCORPORATED STORE 4282	WALTON ELECTRIC	UTILITY BONDACCOUNT 10344404	Safeco Insurance Company of An	950
39S002611	PAYLESS SHOESOURCE INCORPORATED	ENTERGY NEW ORLEANS, INC.	UTILITY BONDALL PAYLES & PARADE OF SHOES STORES LOCATED IN THIS TERRITOR	Safeco Insurance Company of An	2,500
39S002607	PAYLESS SHOESOURCE INCORPORATED	Entergy Louisiana, LLC	UTILITY BONDPAYLESS AND PARADE OF SHOES STORES LOCATED IN THIS TERRITORY	Safeco Insurance Company of An	6,500
39S001767	PAYLESS SHOESOURCE 5246	HUNTSVILLE UTILITIES	UTILITIES BOND	Safeco Insurance Company of An	5,100
39S016261	PAYLESS SHOESOURCE INCORPORATED	GEORGIA POWER COMPANY	FURNISH UTILITY SERVICES TO THE PRIN AS OWNER OR OCCUPANTOR THE PREMISE LOCATED AT ALL PAYLESS ACCTS AT GEORGIA PI	Safeco Insurance Company of An	55,620
39S002096	PAYLESS SHOESOURCE INCORPORATED DBA	CALIFORNIA DEPT OF MOTOR VEHICLES	INFORMATION SERVICES SURETY BOND	Safeco Insurance Company of An	50,000
39S003338	PAYLESS SHOESOURCE INCORPORATED	GREYSTONE POWER CORPORATION	UTILITY BOND- STORE #4746, ACCOUNT# 31443901,5216 JIMMY LEE SMITH PARKWAY, HIRAM,GA 30141	Safeco Insurance Company of An	1,750
39S006327	PAYLESS SHOESOURCE INCORPORATED STORE 3473 & 559	CITY OF LAKELAND FLORIDA LAKELAND ELECTRIC	UTILITY BOND	Safeco Insurance Company of An	4,800
39S001256	PAYLESS SHOESOURCE INCORPORATED	DEPARTMENT OF PUBLIC WORKS	UTILITY BOND	Safeco Insurance Company of An	1,600
39S010854	PAYLESS SHOESOURCE 2319	SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT & POWER DISTICT	ELECTRIC UTILITY BONDSACCOUNTS: 204-672-004 & 957-681-000	Safeco Insurance Company of An	50,000
39S211396	Payless ShoeSource, Inc.	GDF Suez Energy Resources NA, Inc.	Utility Payment Bond for various service locations	Liberty Mutual Insurance Compar	226,000
39S003260	PAYLESS SHOESOURCE INCORPORATED STORE 3758	FORT PIERCE UTILITIES AUTHORITY	UTILITY BONDACCOUNT 5406807002	Safeco Insurance Company of An	2,400
39S002199	PAYLESS SHOESOURCE INCORPORATED	CITY OF MONROE	UTILITY PAYMENT BOND	Safeco Insurance Company of An	305
39S207625	JANICE R. KULICK	KANSAS SECRETARY OF STATE	NOTARY BOND - Principal Address: 5621 SW 36TH STREET, TOPEKA, KS. 66614	Liberty Mutual Insurance Compar	7,500
39S207503	KIMBERLY S. LANTERMAN	KANSAS SECRETARY OF STATE	NOTARY - Principal Address: 2735 SW Santa Fe Drive, Topeka, KS. 66614	Liberty Mutual Insurance Compar	7,500
39S206646	MICHELLE R. HOLMER	KANSAS SECRETARY OF STATE	NOTARY BOND - Principal Address: 43439 E. 21st, Tecumseh, KS 66542	Liberty Mutual Insurance Compar	7,500
39S206462	NANCY J. ROHN	KANSAS SECRETARY OF STATE	NOTARY BOND - Principal Address: 2710 S. W. Berkshire Drive, Topeka, Kansas 66614	Liberty Mutual Insurance Compar	7,500
39S206295	MELISSA ANNE O'CONNER	KANSAS SECRETARY OF STATE	NOTARY - Principal Address: 4336 SW Cambridge Avenued	Liberty Mutual Insurance Compar	7,500
39S205549	PAMELA M. NICHOL	KANSAS SECRETARY OF STATE	NOTARY - Principal Address: 6601 15th St., Perry, KS 66073	Liberty Mutual Insurance Compar	7,500
39S205495	DEBORAH A. ORTEGA	KANSAS SECRETARY OF STATE	NOTARY BOND - Principal Address: 3231 SE sixth Avenue, Topeka, KS 66607	Liberty Mutual Insurance Compar	7,500

EXHIBIT B

General Agreement of Indemnity Dated January 26, 2015



GENERAL AGREEMENT OF INDEMNITY COMMERCIAL SURETY

This General Agreement of Indemnity (hereinafter the "Agreement") is made and entered into by the following undersigned individuals, corporations, and/or other business entities Payless Inc.; Payless ShoeSource, Inc. (individually and collectively hereinafter called "Indemnitors"), jointly and severally, in favor of Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, LM Insurance Corporation, The First Liberty Insurance Corporation, Liberty Insurance Corporation, and any other company that is part of or added to the Liberty Mutual Group for which surety business is underwritten by Liberty Mutual Surety (individually and collectively hereinafter called "Surety") with respect to any bonds, undertakings, recognizances, reinsurances, instruments of guarantee or other Surety obligations (individually and collectively hereinafter called "Bonds"), requested from and/or issued by the Surety before, on or after the date of this Agreement, for:

- (i) any of the Indemnitors, and any Indemnitor added hereto by written amendment;
- (ii) any of the Indemnitors' subsidiaries or affiliates, whether present or future, and whether directly or indirectly held; and/or
- (iii) any other entity or person in response to a request from any party described in items (i) or (ii) above (including requests from their agents, brokers or producers);

and as to all of the foregoing, whether they act alone or in joint venture with others whether or not said others are named herein (individually and collectively hereinafter called "Principals").

WHEREAS, the Indemnitors and Principals desire Surety to execute Bonds on their behalf, or to renew, continue, extend, replace or to refrain from canceling Bonds; and WHEREAS, at the request of Indemnitors and Principals and with the understanding that this Agreement be given and in reliance upon this Agreement, the Surety has heretofore or has presently been requested to and/or has executed or has procured to be executed, and, from time to time hereafter, may be requested to and/or may execute or may procure to be executed, Bonds for the Principals;

NOW, THEREFORE, in consideration of these premises, and intending to be legally bound hereby, the Indemnitors and Principals for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, hereby covenant and agree, in favor of the Surety, its successors and assigns, as follows:

1. **BENEFICIAL INTEREST** - The Indemnitors represent and warrant that each of them is specifically, materially and beneficially interested in the procurement and/or issuance of each of the Bonds for each of the Principals.
2. **PREMIUMS** - The Principals or Indemnitors shall pay to the Surety, promptly upon demand, all premiums, costs and charges of the Surety for any Bonds requested from and/or issued by the Surety, in accordance with the Surety's rate filings, its manual of rates, or as otherwise agreed upon, and where such premium, costs and charges are annual, continue to pay the same, until the Principals or Indemnitors shall serve evidence satisfactory to the Surety of its discharge or release from all liability under any Bonds.
3. **DECLINE EXECUTION** - The Surety has no obligation to execute, renew, continue, extend, amend or replace any Bonds, including final bonds (regardless of whether the Surety has issued a bid or proposal bond), and may, at its sole discretion, decline to do so. The Surety may cancel any Bonds unless the Bonds state otherwise, and the Principals and Indemnitors shall make no claim to the contrary. The Principals and Indemnitors shall make no claim relating to the failure or refusal of any person or entity to accept any of the Surety's Bonds or to award any contract to any Principals.
4. **CHANGES** - Assent by the Surety to changes in any Bonds and/or in the contracts or obligations covered by any Bonds or refusal so to assent shall not release or in any way affect the obligations of the undersigned to the Surety.
5. **INDEMNITY** - The Indemnitors shall exonerate, indemnify and save harmless the Surety from and against any and all losses, costs, and damages of whatsoever kind or nature, including, but not limited to, counsel and consultant fees and expenses, court costs, and pre- and post-judgment interest (such interest to accrue from the date of a breach of this Agreement or a breach of any other written agreements executed with or in favor of the Surety by any Indemnitors and/or Principals (hereinafter called the "Other Agreements")), which the Surety may at any time sustain or incur by reason of the extension of surety credit to any Principal arising from: (1) the request to execute, procure, or deliver any Bonds; (2) the execution, procurement or delivery of any Bonds, whether already or hereafter executed; or the renewal or continuation thereof; (3) making any investigation or payment; (4) obtaining a release from any Bonds or other obligations related to the extension of surety credit; or (5) the prosecution, defense, or obtaining a release from any action brought in connection therewith, including those subject to bankruptcy court jurisdiction, and, further, those actions relating to the recovery or attempt to recover any salvage, the failure of the Principals or Indemnitors to perform or comply with the terms of this Agreement or any Other Agreements, and in the enforcement of the terms of this Agreement or any Other Agreements. The Principals and Indemnitors agree that in any accounting between any of them and the Surety, vouchers or other evidence of payment(s) incurred by the Surety shall constitute *prima facie* evidence of the fact and extent of the liability of the Principals and Indemnitors to the Surety.
6. **SETTLEMENTS** - Surety agrees to provide timely notice to Principal of receipt of any claim from any obligee on any Bond. The Surety shall have the right, at its option and sole discretion, to adjust, settle or compromise any claim, demand, suit or judgment upon any Bonds.
7. **BOOKS AND RECORDS** - Until such time as the Surety has been furnished with evidence (satisfactory to the Surety in its sole discretion) of its discharge, without loss, from any and all Bonds, and the Surety is fully reimbursed all amounts due to it under this Agreement or Other Agreements, the Surety shall have the right to reasonable access to the books, records and accounts of the Principals and Indemnitors for the purposes of inspection, copying or reproduction. The Principals and Indemnitors hereby authorize and request that any person or entity doing business with the Principals and Indemnitors shall furnish to the Surety any information requested by the Surety that is related or relevant to any Bonds, bonded contracts or obligations, or any obligations of the Principals and Indemnitors to the Surety under this Agreement or Other Agreements.

8. Unused.
9. Unused.
10. **TRUST FUNDS** - The Principals and Indemnitors hereby understand, agree and declare that all of their interest, title and rights in the contract or the obligations that are the subject of a Bond, or that grow in any manner out of said Bond, including but not limited to funds required by statute or regulation to be held in trust for the benefit of any obligee, are trust funds, whether in the possession of the Principals or Indemnitors or otherwise, for the benefit of Surety for any liability or loss it may incur or sustain under said Bond, including but not limited to the payment of obligations incurred in the performance of the bonded contract or obligations; and, further, it is expressly understood, agreed and declared that these trust funds also inure to the benefit of the Surety for any liability or loss it may have or sustain under any other Bonds, under this Agreement, or under any Other Agreements, and this Agreement constitutes notice of the existence of such trust.
11. **DISCHARGE/PLACE IN FUNDS** - The Indemnitors will, within thirty (30) calendar days or within the Shorter Period (defined below) following the date of Surety's written demand, either: (i) procure the discharge of the Surety from any Bonds and all liability by reason thereof, or, if the Indemnitors are unable to secure such discharge; (ii) place the Surety in immediately available funds in an amount equal to the aggregate amount of the penal sums of all Bonds for which discharge has been demanded; regardless of whether, with respect to any of said Bonds: (a) the Surety has established any reserve; (b) the Surety has made any payments or incurred any liability; or (c) the Surety has received any notice of any claims. If the terms of any outstanding Bonds require the Surety to make payment to the obligee(s) of said Bonds in less than thirty (30) calendar days (which period shall be called the "Shorter Period"), then with respect to such Bonds only, the Surety may require that it be discharged or placed in funds pursuant to this paragraph within said Shorter Period, again regardless of whether the Surety has received any demand or notice of any claims, established any reserve, or made any payments or incurred any liability with respect to such Bonds. The Surety shall send its written demand to the Indemnitors' last known address by overnight courier or by registered or certified mail, and such demand shall be effective upon the date of mailing by the Surety. The terms of this paragraph may be modified by a written amendment to this Agreement, entered into by the Surety and the Indemnitors, providing alternative methods of funding or collateralizing any bonded obligations, but Surety has no obligation to enter into any such alternative arrangements and may do so, or decline to do so, at its sole election and discretion. The Indemnitors hereby represent and acknowledge that if the Indemnitors breach their obligations set forth in this paragraph, the Surety will have no adequate remedy at law, will suffer irreparable harm, and shall be entitled to injunctive relief enforcing the terms of this paragraph, as well as a final decree, order or judgment granting Surety specific performance of the terms of this paragraph.
12. **OTHER INDEMNITY** - The addition to this Agreement of any Indemnitor, including any entities acquired after the date of this Agreement, may be effected by written amendment executed by such Indemnitor only. The Indemnitors shall continue to remain bound under the terms of this Agreement and any Other Agreements even though the Surety may from time to time heretofore or hereafter, with or without notice to or knowledge of the Indemnitors, accept indemnity obligations or collateral from, or release or reduce indemnity obligations or collateral, or release or apply any specific underwriting requirements to, any current or future Principals or Indemnitors for any reason. The Indemnitors waive notice of the Surety's acceptance, release or reduction of any indemnity obligations or collateral or specific underwriting requirements of any current or future Principals or Indemnitors, and agree that they shall make no defense to the enforcement of this Agreement or any Other Agreements based on such action by the Surety.
13. **SURETIES** - In the event the Surety procures the execution of any Bonds by other sureties, or executes any Bonds with co-sureties, or reinsures any portion of any Bonds with reinsuring sureties, then all the terms and conditions of this Agreement shall inure to the benefit of any such other sureties, co-sureties and reinsurers, their successors and assigns, as their interests may appear.
14. **INVALIDITY** - Invalidity of any provision of this Agreement by reason of the laws of any jurisdiction shall not render the other provisions hereof invalid. In case any of the parties set forth in this Agreement fail to execute the same, or in case the execution hereof by any of the parties be defective or invalid for any reason, including lack of authority to bind any party, such failure, defect or invalidity shall not in any manner affect the validity of this Agreement or the liability hereunder of any of the parties executing the same, but each and every party so executing shall be and remain fully bound and liable hereunder to the same extent as if such failure, defect or invalidity had not existed. Each party agrees to execute promptly any documentation necessary to cure any such failure, defect or invalidity.
15. **ENFORCEMENT** - The availability of any particular right or remedy shall not be prejudiced by either (i) a delay by Surety in exercising it, or (ii) Surety's decision to exercise or not exercise any other right or remedy. The obligations of the Principals and Indemnitors hereunder shall be in addition to, and not in lieu of, their obligations to the Surety under any Other Agreements, and in the event of any conflict or inconsistency between the terms of this Agreement and the terms of any of the Other Agreements, the term or interpretation most favorable to the Surety, as determined by the Surety, shall control. Separate suits may be brought under this Agreement and any Other Agreements as causes of action accrue, and the bringing of suit or the obtaining of judgment or recovery of damages upon any cause of action shall not prejudice or bar the bringing of other suits or the obtaining of judgment or recovery of damages upon other causes of action, whether theretofore or thereafter arising. The Indemnitors' liability under this Agreement is joint and several, and the Surety may enforce any or all of the terms and conditions of this Agreement against any or all of the Indemnitors, or any combination of some but less than all of the Indemnitors, at the Surety's sole discretion and election.
16. **GOVERNING LAW** - This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to the conflict of laws principles thereof), except to the extent superseded by federal law.

Dated as of this 26 day of January, in the year 2015.

By signing below, each individual executing this Agreement on behalf of a business entity, and each business entity executing this Agreement on behalf of another business entity, represents and warrants that he, she or it is duly authorized by Indemnitor to bind Indemnitor to all of the terms and conditions of this Agreement:

ATTEST OR WITNESS:

BY:

Witness:

By: [Signature]
Todd Bottorff
Director, Risk Insurance

Payless Inc.

T.I.N.:

3231 S.E. Sixth Avenue, Topeka, KS 66607-2207

By: [Signature]
Douglas J. Treff
Executive Vice President



Witness:

By: [Signature]
Todd Bottorff
Director, Risk Insurance

Payless ShoeSource, Inc.

T.I.N.:

3231 S.E. Sixth Avenue, Topeka, KS 66607-2207

By: [Signature]
Douglas J. Treff
Executive Vice President and Chief Administrative Officer



NOTARY ACKNOWLEDGMENT

State of Kansas

County of Shawnee

On January 24, 2015 before me, Deborah A. Ortega, personally appeared
(Date) (Notary)

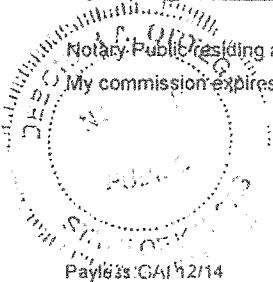
Douglas J. Treff, who proved to me on the
(Signor)
basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she
executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which
the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Kansas that the foregoing
(State)
paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature] (Seal)

Notary Public residing at: Topeka, KS
My commission expires: 12-2-16



Payless CA 12/14

Certificate of Service
(LR 9004(D) and 2090(B)(1))

I hereby certify that on March 13, 2019, I caused copies of **Motion of Liberty Mutual Insurance Company and Safeco Insurance Company of American to Lift te Automatic Stay Pursuant to 11 U.S.C. § 362 (A)**, to be filed pursuant to the Federal Rules of Civil Procedure and Local Rules with the Clerk of the United States Bankruptcy Court, Eastern District of Missouri, using the CM/ECF system which will send notice of filing electronically to the following and regular mail by depositing copies of the same, in the U.S. Mail depository at 100 North LaSalle Street, Chicago, Illinois, with proper postage pre-paid, upon the following:

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**Holders of 50 largest
unsecured claims against
the Debtors**

Via electronic mail if
provided or US mail

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Philadelphia PA 19104

**The Attorney General for
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Debtors conduct business**

Via electronic mail if
provided or US mail

**Attorney General for the
U.S. of America**
950 Pennsylvania Ave NW
Washington DC 20530

The Sureties is going to mail a copy of this motion to the Obligee's on March 14, 2019.

/s/ T. Scott Leo